

WARNING—NICKEL

BLOOMBERG WILL BE NOTIFIED TODAY.

China

China's macro leverage ratio, which measures total debt as a percentage of gross domestic product, climbed 13.5 percentage points last year to 287.8%, the National Institution for Finance and Development, a government-linked think tank in Beijing, says in report dated Jan. 25.

Rise was mainly due to slowdown in China's nominal economic growth

Further increase likely in 2024

Total debt in 2023 increased 9.8% from previous year

Household debt rose 6.9% and corporate debt increased 9.1%

Nominal GDP growth is more important than real GDP growth for stabilizing leverage ratio, think tank says

Govt should set nominal GDP growth target at about 7%: report

(Bloomberg).

Cu

Trop Chinese copper smelters have called for sector-wide production curbs to cope with tightening global concentrate supply that has weighed heavily on treatment charges and profit margins.

Major smelters including Jiangxi Copper Co. and Tongling Nonferrous Metals Group Co. met on Friday to discuss measures including moving maintenance forward and reducing runs, according to people with knowledge of the conversations. They declined to be identified as the talks are private.

Spot treatment charges, the fees charged by smelters and known as TCs, have plunged since September to near-record lows around \$22.70 per ton in response to tighter mine supply, particularly after the halt of a major operation in Panama late last year. Fees fall when there's not enough copper concentrate for smelters to refine (Bloomberg)

Al

Aluminum retreated from the highest close in three weeks as inventories in China, the top supplier, rose before the Lunar New Year break.

Aluminum ingot inventories expanded almost 7% to 467,100 tons, according to Shanghai Metals Market. That saw them rebound from a near multi-year low, with processing plants due to be closed over the week-long break in February.

Base metals were broadly lower on Monday after prices capped a biggest weekly advance since July after authorities in China took further steps to shore up economic growth (Bloomberg)

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,463	R1	8,508.5	RSI above 50	
S2	8,422	R2			
S3	8,365	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- The RSI above 50 (54)
- Price is below the daily pivot point USD 8,541
- Stochastic is below 50
- Technically bearish with a neutral bias on Friday. There had been a change in the technical as we thought that the pullback seen on the 24/01 would be deeper, before moving higher. However, a shallow pullback was followed by a new high, creating a 5-wave pattern higher and a negative divergence with the RSI. This warned that the upside move looked to be exhausting, meaning support levels were vulnerable. Downside moves that held at or above USD 8,365 will warn that there could be a higher timeframe bullish Elliott wave cycle in play, if broken, the USD 8,245 fractal low could come under pressure. The futures were no longer considered a technical buy. We continue to move lower but remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 8,541 with the RSI at or above 63 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 8,365 will support a near-term bull argument, below this level the USD 8,245 fractal low will start to look vulnerable.
- Technically we are bullish with the futures in a corrective phase, the MA on the RSI is indicating that momentum is weakening. We highlighted that the shallow pullback and the 5-wave pattern last Friday meant that the futures were not considered a technical buy. We are starting to look at the intraday pullback on the 24/01 as perhaps being to shallow to be the corrective Elliott wave 4 that were looking for, meaning it could have been part of a lower timeframe wave extension, making USD 8,365 the key support to follow. If we hold above this level, then we have the potential for one more move to the upside within this phase of the cycle.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,176	R1	2,243.5	RSI above 50	
S2	2,147	R2			
S3	2,110	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (55)
- Stochastic is above 50
- Price is below the daily pivot point USD 2,258
- Technically bearish last week, the futures were holding above the daily 200 period average. We had a bullish impulse candle being countered by the bearish rejection candle. If we traded above USD 2,068, then resistance levels would become vulnerable; however, the MA and the RSI were both starting to flatten with price and momentum conflicting, warning buyside momentum was slowing down. We remained cautious on upside moves as momentum looked to be weakening. The futures did move higher to trade above the USD 2,068 level; however, the move has failed to hold, resulting in price trading lower. We are above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,288 with the RSI at or below 54.5 will mean price and momentum will be aligned to the sell side. Likewise, a close above this level with the RSI at or above 59 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,316 will leave the futures vulnerable to further test to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the break in fractal resistance has created a negative divergence with the RSI, resulting in the futures moving lower. The RSI is on its average, but the average continues to warn that upside momentum is weakening; if price and momentum become aligned to the sell side, then support levels could come under pressure. A close below that holds below the 200-period MA (USD 2,228) will further weaken the technical; however, if we hold above the average, it will warn that we remain in the upside countertrend move.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,544	R1	2,585	RSI above 50	
S2	2,525	R2	2,615		
S3	2,499	R3	2,638		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (54)
- Stochastic is below 50
- Price is below the daily pivot point USD 2,585
- Technically bearish with a neutral bias on Friday, the MA on the RSI had started to flatten whilst the RSI was crossing below its average, warning buyside momentum was slowing. If price and momentum became aligned to the sell side, then support levels would start to look vulnerable. The RSI on the 25/01 did suggest that downside moves had the potential to be countertrend; however, if we traded below USD 2,499, then the USD 2,443 fractal low would start to look vulnerable. The momentum slowdown is warning that we could be about to see an intraday pullback. The futures are now moving lower but we remain above the EMA support band with the RSI above 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above USD 2,585 with the RSI at or above 64.5 will mean price and momentum are aligned to the buyside. Downside moves that hold at or above USD 2,499 will support a near-term bull argument, below this level the USD 2,445.5 fractal support will start to look vulnerable.
- We remain bearish with a neutral bias, the MA on the RSI is starting to move lower, warning buyside momentum is beginning to weaken. USD 2,546 will be an area of interest, as this is the weekly pivot level. If we hold above this level, then we still have the potential to move higher, the RSI high on the 25/01 supports this. However, if we close below this level on the daily candle, it will but price below last weeks balance point, meaning we could see the USD 2,525 and USD 2,499 support levels be tested and broken.

Nickel Morning Technical (4-hour)



Support		Resistance		Current Price	Bull	Bear
S1	16,402	R1	16,531	16,470	RSI above 50	Stochastic overbought
S2	16,310	R2	16,670			
S3	16,185	R3	16,818			

Synopsis - Intraday

Source Bloomberg

I will speak to Bloomberg today—these charts are still incorrect



Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,152	R1	2,154.5	RSI above 50	
S2	2,134	R2			
S3	2,118	R3			

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (56)
- Stochastic is above 50
- Price is above the daily pivot point USD 2,152
- Technically bearish on Friday, the upside move previously had failed to hold with the MA on the RSI moving lower, implying momentum was weakening. This warned that support levels were now vulnerable; for this reason, we were cautious on upside moves. The futures did see an intraday move higher on Friday with price selling slightly lower this morning. We remain above the EMA support band with the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above USD 2,152 with the RSI at or above 59 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 54.5 will mean it is aligned to the sell side. Upside moves that fail at or below USD 2,209 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Likewise, downside moves that hold at or above USD 2,096 will support a near-term bull argument, below this level the USD 2,049 fractal support will start to look vulnerable.
- Unchanged on the technical, the longer-term Elliot wave cycle continues to suggest that upside moves could be countertrend, making USD 2,209 the key resistance to follow. If broken, then the probability of the futures trading to a new low will start to decrease. The MA on the RSI is warning that momentum remains weak; however, the average has started to flatten a little, meaning it is not as weak as it was. If we do see another move higher above USD 2,188 then watch the RSI, as it has the potential to diverge.